

**Congress of the United States**  
**Washington, DC 20515**

March 21, 2008

The Honorable Jim Nussle  
Director  
Office of Management and Budget  
1650 Pennsylvania Ave NW  
Washington, DC 20503

Dear Director Nussle,

We understand that the Office of Management and Budget recently received a proposal from the Department of Defense that will make TRICARE reimbursement rates to critical access hospitals consistent with reimbursements under the Medicare program. We write to urge you to address this important issue so that these hospitals can continue to provide needed health care to servicemembers and veterans, as well as for their dependents.

As you know, Congress established the Medicare Critical Access Hospital program in order to ensure needed health services are available to Medicare beneficiaries in rural areas. This program provides 101 percent reimbursement of Medicare allowable costs to these vital rural hospitals. This ensures that these hospitals can continue to provide health care to vulnerable communities.

Although TRICARE payment policies generally follow Medicare formulas, this is not the case with respect to payments to critical access hospitals. TRICARE reimbursements to critical access hospitals have been historically lower than those of Medicare and Medicaid, and we are concerned about how this affects the ability of these hospitals to provide top quality health care to the military community.

Many of the critical access hospitals in our states that serve the military community are affected by these lower payments, and this payment disparity is felt most acutely by those facilities that serve a large number of TRICARE patients. Several of these hospitals continue to provide care to this population, even though this leads severe budgetary consequences. Some critical access hospitals have strongly considered eliminating their TRICARE contract altogether, out of necessity and recognition of budgetary reality. Our military community deserves better.

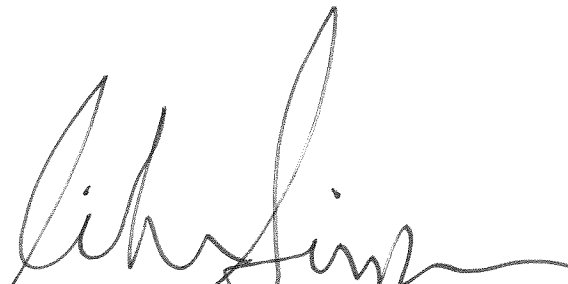
We strongly believe that this change in TRICARE reimbursement policy is needed to help ensure that critical access hospitals in rural communities continue to provide TRICARE services to the military community, and we support the efforts of the Department of Defense to update this policy. This change will bring substantial relief to the many critical access hospitals that provide medical care to the military population.

We look forward to the timely implementation of this regulation and the release of the draft rule as soon as possible. Should you need our assistance in this process, please feel free to contact us at any time.

Sincerely,



RICK LARSEN  
Member of Congress



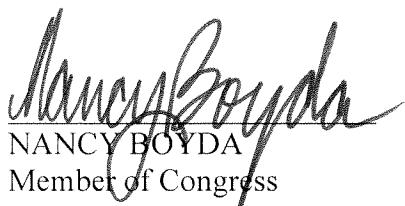
MIKE SIMPSON  
Member of Congress



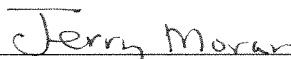
CATHY MCMORRIS RODGERS  
Member of Congress



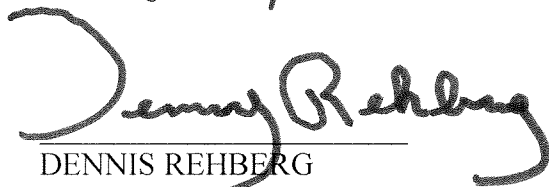
CHET EDWARDS  
Member of Congress



NANCY BOYDA  
Member of Congress



JERRY MORAN  
Member of Congress



DENNIS REHBERG  
Member of Congress



DAVID LOEBSACK  
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